

ently to a large extent in the hands of the companies. For the first time, however, when they came to offer objections to the payment of the corporation tax, these companies, or most of them, undertook to disclaim or rather to deny the accuracy, not to say truthfulness, of all the representations they had been making to the public, as I have described. If these companies had from the beginning represented to the public whose business they solicited that they would collect excessive amounts as premiums and would return such premium overcharges to the policyholders from time to time, instead of representing that they would pay dividends out of profits, then both congress and the country would have better understood the real nature of their business.

The companies now ask congress to say to the country what they refused to say for themselves until recently and long after this tax was enacted in 1909, viz., that they only make returns of premium savings to their policyholders growing out of excessive charges on premiums. However, there are various sources of earnings with respect to insurance companies; they derive savings from the amount set apart for expense of conducting the business; they derive a considerable sum from excess of the mortuary fund, as I understand; gains or savings from lapses and surrenders is another source of profit; excess of interest earnings is still another. It is generally understood that the premiums assessed upon policyholders are based upon an assumption of mortality, which is about 30 per cent less than actually occurs; nevertheless the full amount is collected, so that the excess goes to profit accumulations unless returned. Again, it is assumed that the companies can only earn from 3 per cent to 3½ per cent upon the reserve, when in fact they earn far more than this amount, as is shown by interest rates in their reports to the different states. No one can question the justice of a nominal tax upon these classes of accumulated profits, which are in excess of current needs. Of course the companies can blend the earnings I have described with premium overcharges and then insist that no tax should be laid. I do not pretend, as none except an expert would pretend, to be well versed in all the intricacies of the insurance business; however, by reason of profits derived from the sources I have mentioned many companies have made surprising showings. One hundred thousand dollars of stock in the Equitable Co., of New York, has sold for \$3,000,000. It has assets amounting to more than \$400,000,000. One hundred-dollar shares of stock in the Aetna Life are reported to be worth more than \$10,000; \$100 shares of Metropolitan Life, \$15,000; \$100 shares of the Prudential, \$17,000. Several of these large concerns, with their huge aggregations of property, are among the most powerful factors in the financial world. Yet, enjoying, as they do, the protection of the government; being permitted, as they are, to amass these enormous accumulations of property, and to hand it or its equivalent down from generation to generation under the management of a few individuals, loud complaint is offered when the general government proposes a nominal tax of 1 per cent per annum upon their net profits.

The entire amount of tax involved is perhaps not over \$1,000,000. Even if the companies could and should pass it down to the policyholder, it would amount to only 15 to 20 cents each. Hundreds of thousands of circular letters have been scattered all over the country with a view to arraying the policyholders against the proposed tax and the effect of which is to prejudice them most unjustly

against the entire income tax proposed. One of these circulars complains at the "heavy burden of taxation now borne by the policyholders;" the circular then gives the amount of taxes paid by the company during the past five years, which is an average of \$1,171,633. This would amount to about one-fifth of 1 per cent. But why do the companies pay this tax to the states? Why have not they procured their exemption from state taxation, as they are now proposing, with respect to this nominal federal tax? I have yet to hear of any suggestion that the states should exempt them. My judgment is that the accumulations of these companies, which arise from savings in expenses, savings in mortality, savings from lapses and surrenders, and profits from excess interest earnings, when considered in the aggregate, are clearly of such a character as to merit the payment of the proposed tax. But when it is proposed to impose the tax, the question of premium overcharges is now brought up for discussion. It would seem that the interest of the policyholder would be better served by leaving with him substantially the amount of this sum overcharged as premiums, in view of the fact that many of the companies are able to pay dividends amounting to several millions, which amount was derived from the sources of gain I have described. If the companies would keep the question of premium assessments and overcharges strictly within a category to themselves and not mix and confuse them with the profits derived from the sources I have enumerated, I think it would then be possible for the law to deal with the one without affecting the other. It would seem that many or most of the companies are in a position to declare a dividend in the strict commercial sense. While the mutual companies seek entire exemption and controvert the views I offer, yet I can see no theory of fair dealing upon which the tax is unjust, or would reduce the dividend or increase the premium of any policyholder. Everybody will seek exemption if we exempt these huge corporations owning several billion dollars of assets.

Mr. Hull. Now, Mr. Chairman, apologizing to the committee for the length of time I have used, I want to say in my judgment this is simply—

Mr. Murray of Oklahoma. Will the gentleman yield?

Mr. Hull. Pardon me, but I want to conclude my remarks.

Permit me to say, in conclusion, that laws similar to the income tax proposed in this bill have operated and are now operating successfully and satisfactorily in a large number of instances throughout the world. There is no reason why its administration should not be even more successful in this country. The American people will experience a saving from tariff reductions, which the proposed income tax makes possible, immeasurably greater than the amount of the tax. The American people understand the nature of this tax and by their recent action have shown their desire for its enactment into law.

In view of the experience of other countries, it is confidently believed that when the measure now pending becomes a law and becomes adjusted to the country and understood by the people the universal judgment will be that it equals in its satisfactory operation and excels in its justice, flexibility, and productiveness any tax law on the statute books. (Applause on the democratic side.)

Thirty-six people lost their lives in the collapse of a portion of the municipal pier at Long Beach, Cal., May 24, just after the close of the "British Empire Day" pageant.

TRADE

in your old separator on account of a new DE LAVAL

An up-to-date De Laval Separator will, on an average, save its cost every year over any other separator.

In addition to the actual saving in more and better cream there is also the saving in time of separation and cleaning, in easier running, greater durability and fewer repairs.

Because of these savings more than 40,000 users of inferior and worn-out separators of various makes last year took advantage of the De Laval exchange allowance and traded in their machines on account of De Laval.



USERS OF OLD DE LAVALS, on account of the many improvements in the modern De Laval over machines sold 10 to 25 years ago, including closer skimming, easier running, better oiling, etc., will also find it to their advantage to exchange their old De Laval for an up-to-date De Laval.

SEE THE NEAREST DE LAVAL AGENT.

He will tell you how much he can allow on your old machine, whether a De Laval or some other make, toward the purchase of a new De Laval. If you don't know a De Laval agent, write to the nearest De Laval office giving make, number and size of your present machine, and full information will be sent you.

THE DE LAVAL SEPARATOR CO.

NEW YORK CHICAGO SAN FRANCISCO SEATTLE

A Money-Making Proposition for Live Land and Colonization Agents

We want good men in every state who have land agencies, or men who can organize land agencies, to assist us in placing on the market a large, newly-opened tract of land in the best part of the south. We have a strictly honest, business-like land selling proposition that offers big money to live, energetic men who are willing to devote all or part time. We have the land, the soil, the location and the very best inducements to offer homeseekers or investors. We want the settlers. We are prepared to contract for the sale of this land for colonization purposes in tracts of 5,000 acres and upwards. The advantages we have to offer are so good, the prices so low and the terms so easy that these lands find ready sale. The location is exceptionally fine. In the best region of the south, and possessing an unexcelled combination of fertile soil, unusually favorable climate, nearness to big markets and best transportation facilities. Within 15 miles of city of nearly 100,000 people which is closely connected by ocean steamers and railway trunk lines with the great market cities of the north. If you want an allotment of this land write us at once. Here is a money-making opportunity for you, and a chance to sell land that will satisfy the most critical buyer. For full information address

Desk C, Commoner Office, Lincoln, Neb.

The HELM Sanitary Hog Fountain

provides an unfailing supply
of clean, pure water.

Can be removed from place to place as required. Can not be overturned or broken. Can never get out of order. No valves or floats; no exposed air holes; no complicated parts. The water can not flow back from the pan to defile the water in the reservoir. Drinking pan is removable and can be cleaned and replaced in a minute. At your dealers. If he hasn't it send for our free trial offer.

Write for free booklet, "Converting Water Into Pork."

S. D. Helm Mfg. Co., 1014 N. St., Crawfordsville, Ind.



Lasts a
Lifetime